

## Message Text

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PAGE 01 TEHRAN 02078 281247Z  
ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00  
COME-00 DODE-00 DOE-11 H-01 INR-10 INT-05 L-03  
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R 281150Z FEB 78  
FM AMEMBASSY TEHRAN  
TO SECSTATE WASHDC 7181

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E.O. 11652: N/A  
TAGS: ENRG, IR  
SUBJ: IRANIAN OIL PRODUCTIVE CAPACITY

REF: 77 TEHRAN A-110

1. EMBASSY IS PUZZLED BY THE RECENT REDUCTION BY THE NATIONAL FOREIGN ASSESSMENT CENTER IN ITS ESTIMATE OF IRANIAN OPERATIONAL CRUDE OIL PRODUCTIVE CAPACITY FROM 6.7 TO 6.0 MM BPD. WE ARE INFORMED BY RELIABLE AND KNOWLEDGEABLE INDUSTRY SOURCES IN NIOC, OSCO, AND THE JOINT VENTURES THAT PRODUCTIVE CAPACITY (I.E. THAT WHICH COULD BE SUSTAINED FOR SEVERAL MONTHS OR MORE) IS PRESENTLY 6.8 MMBPD AND IS STILL SLOWLY CLIMBING.

2. THE MOST AUTHORITATIVE SOURCE FOR PRODUCTIVE CAPACITY OF THE KHUZESTAN FIELDS IS CONTAINED IN THE OSCO MONTHLY REPORTS WHICH ARE ROUTINELY TRANSMITTED TO WASHINGTON BY THE EMBASSY UNDER COVER OF AN AIRGRAM. OSCO'S CURRENT CAPACITY, ACCORDING TO THE DECEMBER 77 MONTHLY REPORT, IS 6.1 MMBPD AND THIS FIGURE HAS BEEN CONFIRMED BY, INTER ALIA, THE MANAGING DIRECTOR,  
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PAGE 02 TEHRAN 02078 281247Z

AND OTHER SENIOR MEMBERS OF THE PRODUCTION DIVISION OF OSCO, AS WELL AS BY SENIOR OFFICIALS OF NIOC. MOREOVER, DURING THE LAST FOUR MONTHS OF 1976 OSCO ACTUALLY PRODUCED AN AVERAGE OF 6.1 MMBPD. SINCE THE END OF 1976, AS THE DEPARTMENT AND THE NFAC ARE AWARE, THE DEMAND FOR IRANIAN CRUDE HAS BEEN SOFT AND OSCO WAS ABLE TO MEET DEMAND IN 1977 WITH AN

AVERAGE PRODUCTION OF ONLY 5.1 MMBPD.

3. THE CURRENT PRODUCTIVE CAPACITY OF NIOC (NAFT-E-SHAH FIELD) AND THE FOUR JOINT VENTURES (IPAC, LAPCO, IMINOCO, AND SIRIP) EXCEEDS 700 MBPD. DURING THE SIX MONTHS ENDING JANUARY 31, 1978, NIOC AND THE JOINT VENTURES PRODUCED AN AVERAGE OF 616.6 MBPD. THEIR AVERAGE RATE OF PRODUCTION FOR THE PAST SIX MONTHS AND THEIR CURRENT OPERATIONAL CAPACITY (IN PARENTHESIS) ARE AS FOLLOWS: NIOC: 19.3 MBPD (20 MBPD); IPAC: 327.1 MBPD (450-460 MBPD); LAPCO: 183.5 MBPD (190-200 MBPD); IMINOCO: 45.7 MBPD (50 MBPD); AND SIRIP: 41.0 MBPD (45 MBPD).

4. IPAC'S CAPACITY HAS BEEN INCREASING STEADILY SINCE LATE 1976 WHEN PRODUCTION BEGAN AT ARDESHIR FIELD. FLOW RATES AT ARDESHIR HAVE EXCEEDED PRELIMINARY ENGINEERING ESTIMATES, AND PRODUCTIVE CAPACITY OF IPAC'S FOUR FIELDS SHOULD EXCEED 500 MBPD BY MID-YEAR. LAPCO'S CAPACITY HAS ALSO BEEN INCREASED BY THE EFFECT OF A SECONDARY RECOVERY PROJECT (WATER FLOOD) ON ITS SASSAN FIELD.

5. THE EMBASSY'S ANNUAL PETROLEUM REPORT CONTAINS ADDITIONAL INFORMATION ON IRANIAN OIL PRODUCTION AND CAPACITIES, AND THIS REPORT WILL BE UPDATED IN LIMITED OFFICIAL USE

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PAGE 03 TEHRAN 02078 281247Z

MAY. WE ARE ALSO PREPARING A REPORT ON IRANIAN OIL RESERVES, THE EFFECT OF THE GAS INJECTION PROGRAM, AND FUTURE OPERATIONAL CAPACITIES. OUR INITIAL IMPRESSION IS THAT WASHINGTON ANALYSTS ARE EXCESSIVELY PESSIMISTIC.  
MIKLOS

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## Message Attributes

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